

Message Text

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ACTION EUR-25

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RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

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FM AMEMBASSY OTTAWA

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UNCLAS OTTAWA 0651

E.O. 11652: N/A

TAGS: ESTC, CU, CA

SUBJECT: CUBAN ASSETS CONTROL AND QUEBEC LOCOMOTIVE SALE

REF: OTTAWA 637

1. FOLLOWING IS TEXT OF MARCH 7 OTTAWA CITIZEN ARTICLE
DATELINED WASHINGTON BY BOGDAN KIPLING OF
FINANCIAL TIMES NEWS SERVICE ENTITLED. "INVOLVEMENT
BY NIXON IN CUBA DEAL IS HINTED":

BEGIN TEXT.

PRESIDENT NIXON MAY HAVE TO GET PERSONALLY
INVOLVED BEFORE CANADA IS ALLOWED TO SELL
LOCOMOTIVES TO CUBA.

WELL-INFORMED ADMINISTRATION OFFICIALS SAY
THE PROPOSED \$18-MILLION CANADIAN DEAL AND A
POTENTIAL SALE OF \$50-MILLION WORTH OF CARS FROM
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ARGENTINA ARE FORCING THE UNITED STATES TO

TAKE A FRESH LOOK AT ITS POLICY VIS-A-VIS
CUBA.

THE QUESTION WHETHER TO PATCH UP RELATIONS
WITH CUBA OR CONTINUE THE PRESENT FRIGID LINE
ON NON-RECOGNITION AND TRADE EMBARGO WILL BE
UP TO THE PRESIDENT, ONE OFFICIAL SAID. HE
HINTED THAT SECRETARY OF STATE HENRY KISSINGER
COULD NOT ACT ON HIS OWN INITIATIVE IN THE
CASE OF CUBA.

THE STATE DEPARTMENT SAID WEDNESDAY THE
APPLICATION FOR AN EXEMPTION FROM THE TRADING
WITH THE ENEMY ACT THAT WOULD LET MLW-
WORTHINGTON LTD. OF MONTREAL SHIP 25 LOCOMOTIVES
TO CUBA IS UNDER CONSIDERATION.

BUT OFFICIALS AT STATE AND TREASURY WARNED
THAT CANADA SHOULD NOT EXPECT A QUICK DECISION.
THE POLICY REVIEW WILL TAKE TIME.

SINCE WASHINGTON SLAPPED ON A TRADE
EMBARGO ON CUBA IN 1963, ONLY 13 PERMITS
HAVE BEEN ISSUED, 11 OF THEM TO AMERICAN-
CONTROLLED CANADIAN COMPANIES ALLOWING THEM TO
SHIP GOODS TO CUBA.

CANADA IS TRYING TO PRESSURE WASHINGTON
TO PERMIT THE LOCOMOTIVE DEAL. FINANCE
MINISTER TURNER HAS PUT THE CASE DIRECTLY TO
TREASURY SECRETARY SHULTZ, AND EXTERNAL
AFFAIRS MINISTER SHARP ON WEDNESDAY MADE PUBLIC
A DIPLOMATIC NOTE HANDED WASHINGTON NEARLY A MONTH AGO.

THE UNITED STATES WAS ALREADY UNDER
PRESSURE TO REVIEW ITS CUBAN POLICY BECUASE
OF DEMANDS BY PRESIDENT JUAN PERON OF ARGENTINA
THAT AMERICAN-OWNED AUTO-MAKERS THERE BE
PREMITTED TO SELL CARS TO CUBA. THE
CANADIAN LOCOMOTIVE DEAL, ONE OFFICIAL SAYS,
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"COMPOUNDED THEIR PROBLEM."

DIPLOMATS SAY PRIVATELY THAT MR. NIXON'S
FRIENDSHIP WITH CHARLES (BEBE) REBOZO, OF
CUBAN ORIGIN, IS SAID TO BE COMPLICATING THE
CUBAN SITUATION. MR. REBOZO IS SAID TO BE
INFLUENCING MR. NIXON TO PURSUE A HARD LINE
AGAINST THE GOVERNMENT OF FIDEL CASTRO.

MR. REBOZO IS A WEALTHY FLORIDA BANKER AND REAL ESTATE DEVELOPER.

END TEXT.

2. FOLLOWING IS TEXT OF TORONTO STAR EDITORIAL ENTITLED, "U.S. LAW TAKES CANADIAN JOBS":

BEGIN TEXT.

SIX EXPORT ORDERS LOST OVER 10 YEARS BECAUSE OF UNWARRANTED U.S. INTERFERENCE WITH CANADIAN BUSINESS IS NOT IMPORTANT TO TRADE MINISTER ALASTAIR GILLESPIE, AND THE PRESENT HOLD-UP OF AN \$18 MILLION ORDER FROM A MONTREAL FIRM IS ONLY "A DIFFICULTY" TO PRIME MINISTER PIERRE TRUDEAU. BOTH OF THEM HAD BETTER THINK MORE CLEARLY IN TERMS OF JOBS FOR CANDIANS AND CANADA'S RIGHT TO PURSUE ITS OWN INTERNATIONAL TRADE POLICIES FREELY.

NO DOUBT THE \$18 MILLION CONTRACT FOR MLW-WORTHINGTON LTD. OF MONTREAL TO SUPPLY CUBA WITH 25 LOCOMOTIVES WILL NOT GREATLY AFFECT CANDA'S BALCE OF PAYMENTS. BUT IT MEANS A YEAR'S WORK FOR 1,800 PEOPLE.

THAT'S IMPORTANT, AND THE LOSS OF THAT WORK WOULD BE MUCH MORE THAN A DIFFICULTY FOR THE WORKERS INVOLVED.

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THE MONTREAL FIRM CAN'T FREELY ACCEPT THE CUBAN ORDER BECAUSE IT IS A SUBSIDIARY OF STUDEBAKER-WORTHINGTON OF NEW JERSEY, AND THE U.S. TRADING WITH THE ENEMY ACT THEREFORE IS BEING MADE TO APPLY IN CANADA WITH ITS EMBARGO AGAINST CUBA.

THE FEDERAL GOVERNMENT IS ASKING WASHINGTON FOR AN EXEMPTION, BUT NOT, APPARENTLY, WITH ANY GREATER SENSE OF URGENCY THAN THE AMERICAN GOVERNMENT IS SHOWING IN CONSIDERING IT. EXTERNAL AFFAIRS MINISTER MITCHELL SHARP SAYS MERELY THAT IF THE MATTE ISN'T SETTLED SOON, HE'LL JUST HAVE TO TKE IT UP WITH STATE SECRETARY HENRY

KISSINGER WHEN HE SEES HIM LATER THIS MONTH.

GILLESPIE'S ATTITUDE IS HARD TO UNDERSTAND. HE IS SUPPOSED TO BE ONE OF THE CABINET'S MORE VIGOROUS SUPPORTERS OF ECONOMIC INDEPENDENCE. HOW CAN HE DISMISS SIX OR ANY OTHER NUMBE OF INTRUSIONS OF FOREIGN LAW AS UNIMPORTANT? THE UPROAR OVER THE PRESENT CASE SHOULD BE ENOUGH TO SHOW HIM THE IMPORTANCE OF THE PRINCIPLE AT STAKE.

MOREOVER, THE HALF-DOZEN OR SO CASES NOW BELATEDLY REVEALED DON'T BEGIN TO REFLECT THE REAL IMPACT OF THIS FOREIGN LAW IN CANADA. UNQUESTIONABLY MANY MORE U.S. SUBSIDIARIES HERE HAVE BEEN DETERRED, JUST BY THE EXISTENCE OF THIS LAW AND ITS APPLICATION IN CANADA, FROM SEEKING EXPORT CUSTOMERS AMONG COUNTRIES THAT MAY BE AMERICAN "ENEMIES," BUT HAVE PERFECTLY NORMAL RELATIONS WITH CANADA.

IN THE MONTREAL CASE, GILLESPIE, TRUDEAU AND THE REST HAVE NOW BEEN PRODDED INTO ACTION, PROMISING THAT THE DEAL WILL GO THROUGH ONE WAY OR ANOTHER. THE GOVERNMENT HAS THE POWER, TRUDEAU SAYS, AND WILL USE IT
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